



FROM THE EXECUTIVE OFFICER'S DESK

Is there anyone out there?

By Graeme Charles

The Federation will be holding a Future Directions Workshop in conjunction with the 2000 annual general meeting and dinner on Thursday, October 19.

In my article last issue, I presented some questions that another member-based organisation had developed to help their members think about the future of their body. The response to that article has hardly been deafening. No one has mentioned it to me, in any shape or form.



The issues

Is anybody really concerned about these issues?

The Board is concerned about the Federation's existing membership, which isn't providing a large enough revenue base to properly resource this organisation.

The existing active membership of the Federation will provide less than \$40,000 this year by way of membership subscriptions.

Can a 'peak' body do everything it should be doing on this sort of budget?

Over the past 12 months, the Federation has been active in a variety of ways, on behalf of its members and the co-operative sector in Victoria generally. Unfortunately, this activity, to date, has neither stemmed the loss of existing members or encouraged significant numbers of non-member co-operatives to join the Federation.

I have held the position of Executive Officer (part-time) for nearly 12 months and believe there are three fundamental questions that the Federation and co-operatives in Victoria urgently need to address:

1. Is there a need for a 'peak' organisation to represent and provide services to co-operatives in this state?
2. Do co-operatives recognise that need for a peak body and, if so, what do they want it to do?
3. Are enough co-operatives prepared to adequately resource their 'peak' organisation?

Surely these are reasonable questions that need answering. In my view, they need answering now. Some of us may not like the answers we get, some may not agree with them, but they must be sought.

We have more than 900 co-operatives spread right across the state. What is a reasonable budget to enable a peak organisation to properly deliver services and support to those that need them?

If you haven't read my previous article, please do so. More importantly, whether you are a member of the Federation or not, but believe in the importance of the co-operative sector in today's world, attend the Future Directions Workshop on October 19.

The workshop will be held in the Convention Room of the RACV Club, 123 Queen Street, Melbourne, beginning at 1pm.

Your non-attendance will probably be telling. It will indicate a lack of concern for the future of both the sector and the Federation. Make the effort to attend and have your say.

In the interests of open and frank discussion, the Federation's board has decided to use the services of an independent facilitator to guide the discussion at the future directions workshop.

Annual meeting and dinner

Following the workshop there will be a special general meeting and the annual general meeting for Federation members.

The special general meeting will consider:

- the appointment of an independent director recommended by the Board;
- changes to the rules of the Federation which will reduce the number of directors from 10 to nine and allow directors to serve a full three-year term without having to face an election, if they desire.

The day's events will conclude with the annual dinner, which will be attended by **Don Kinnersley**, executive officer of the NSW Co-operative Federation, and **Garry Cronan**, executive officer of the Australian Centre for Co-operative Research and Development at Charles Sturt University, NSW. Mr Cronan will also address the dinner gathering.

The dinner is open to both members and non-members, but please register your attendance with me by Friday, October 13.

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Government recognition

By David Griffiths

In a letter dated July 25, 2000, the Premier, **Steve Bracks**, told the Federation: "You can be assured that the Government recognises the important role the co-operative sector plays in Victoria".

The Premier was responding to a letter of June 14, 2000, expressing our concern that the Report of the Audit Review of Government Contracts had ignored the co-operative option.

This is a recognition by the Premier of the distinct role of co-operatives and, therefore, the distinct contribution they can make to Government consultation processes and programs.



Unfortunately, the Premier's assurance is not always reflected in Government practice.

Electricity

Electricity supply is a case in point.

On September 7, 2000, letters were sent to the Premier and the Minister for Energy & Resources, **Candy Broad**, expressing our disappointment that the Government Taskforce on Security of Electricity Supply (September 2000) had failed to recognise the co-operative sector, contrary to statements by the Premier.

The taskforce organised information and consultation sessions with 'consumer representatives', but did not include the Federation and its members.

Health

We've also had an exchange of correspondence with the Minister for Health and the Department of Human Services about ignoring the co-operative option.

The Government has decided to restore elected representatives to the boards of community health centres. We made a submission to the review process about the co-operative option for community health centres.

Two consultation papers have been released without acknowledging the co-operative option.

In a letter dated July 27, 2000, the Department of Human Services stated that our points would be taken to the review committee supervising the consultation process.

In response, a letter was sent to the Minister for Health, **John Thwaites**, on September 8, 2000, welcoming the department's promise, but pointing out that the co-operative option should have been included in the consultation papers.

We have also made suggestions to the Minister about improving the accountability and transparency of consultation processes.

NEW CO-OPERATIVE BOOKLETS

The Co-operative Federation of Victoria has just received two booklets about group energy purchasing and the co-operative model.

Written by David Griffiths and published by Co-operative Energy, the booklets explore and argue the case for co-operative energy purchasing.

The booklets are:

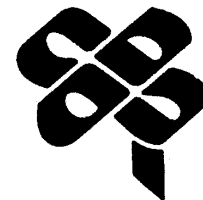
- **'Group Buying Power' – energy co-operatives empowering small consumers (\$5.00, incl. postage); and**
- **'New Government, New Direction, New Energy' – empowering individuals and their communities through co-operatives by using mutuality instead of dependence and subservience (\$7.50, incl. postage).**

If you include a photocopy of this page, you will receive a 20% discount (i.e. both booklets for \$10.00, incl. postage).

Income from these booklets goes towards to the Co-operative Federation of Victoria.

The Co-operative Federation of Victoria is not required to register or collect GST. Its ABN is 17 045 241 689.

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CFV news

– September /
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The future for co-operatives

Co-operative registrations in Victoria have gradually declined in recent years.

There were 1026 registered co-operatives at June 30, 1996, but by June 30, 2000, the figure had fallen to 883.

However, interest in the sector may be increasing if the number of recent inquiries about the formation of co-operatives is any indication.

The inquiries have come from quite diverse industry and community sectors, such as agriculture, education, communications, housing and cultural.

A question frequently asked of staff in the Business Affairs Branch is, 'What are co-operatives?'

This may indicate that people are hearing about co-operatives via the media and word of mouth, and are prepared to investigate them as an alternative structure for their organisations.

During the past 12 months, there have also been inquiries from interstate co-operatives seeking to register in Victoria. As a result, four have been registered.

Most of the co-operatives registered this year have been schools (primary and secondary), incorporating so as to use uncalled share capital as security over government-guaranteed loans. Other co-operatives registered this year covered food, hotels, primary production, film production and cultural co-operatives (see table).

In total, 41 co-operatives were registered in 1999/2000.

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Ensuring compliance

In the last issue of the *Victorian Co-operative News*, we advised that CBAV had begun a program to ensure that the rules of all co-operatives complied with the *Co-operatives Act 1996*.

The Registrar, **Bernadette Steele**, is directing non-complying co-operatives to alter their rules by resolution of the Board of Directors in the manner specified.

If a co-operative does not adopt the rules specified in the direction within 28 days, the Registrar will alter the rules of the co-operative by notation on the registered copy of the rules.

By September 11, 2000, the Registrar had issued 105 directions to co-operatives to change their rules.

Of the 157 remaining non-complying co-operatives, 86 had rules approved by the Registrar but have not yet adopted them. The other 71 co-operatives had, to date, not attempted to change their rules.

Both groups will be issued with directions during the next month.

CO-OPERATIVES REGISTERED IN VICTORIA SINCE JANUARY 2000

Communications/IT – non-trading, no shares

North East Telecommunications Co-operative
Skills.Net Association Co-operative
Co-operative For Information Distribution & Exchange

Cultural co-operative – non-trading, no shares

Warrnambool & District Aboriginal CJP Co-operative
Thamil Inthu Manram Co-operative

Government guarantee – non-trading with shares

Brighton Beach Primary School Co-operative
Eskdale Primary School Council Co-operative
Flora Hill Secondary College Council Indoor Stadium Co-operative
Guthrie Street Primary School Co-operative
Kismet Park Building Project Number 1 Co-operative
Kunyang Primary School Hall Co-operative
Langwarrin Park Primary School Pool Co-operative
Moorabbin Primary School Co-operative
Pakenham Consolidated School Co-operative

Port Fairy Consolidated School Co-operative
St Albans Secondary College Co-operative
Verny Road School Co-operative
Viewbank College Co-operative

NSW foreign co-operative

Active Learning & Communication Co-operative
Australian Medical Co-operative

Rental housing – non-trading, no shares

South East Housing Co-operative

Trading co-operative

Coffee Break Productions Co-operative (video/film production)
Devenish Community Hotel Co-operative (hotels)
Melbourne University Food Co-operative (food retail/wholesale)
Premium Chestnuts Australia Co-operative (chestnut growers)

Rural Industries Cooperative Ltd

The Rural Industries Co-operative Limited (RICL) was established as a vehicle for aggregating the buying power of contract broiler (meat chickens) growers in Victoria.

The co-operative's focus is the collective buying of gas – used to heat chicken sheds during the first couple of weeks of the chickens' lives.

The cost of heating for 'brooding' is a significant component of the cash operating costs of a broiler farm.

Structure

The day-to-day management of the co-operative is conducted by the executive officer of the Victorian Farmers Federation's (VFF) Chicken Meat Group, which is also the organisation's secretary.

The operating income and expenditure of the RICL consists of a small administration fee charged to the gas supplier and the payment of a management fee to the Chicken Meat Group.

This arrangement keeps the

operation and management simple and keeps a clear focus on the RICL's purpose – reducing gas costs for member broiler farmers through aggregation of their buying power.

Membership

Membership of the co-operative is open to all VFF members, but initially it was the membership of the Chicken Meat Group.

At present, the co-operative has 250 members.

After establishing the co-operative, an agreement was secured with Victoria's main gas supplier, Heatane, for a long-term contract set at a competitive price per litre, pegged to the world parity price.

Initially, the co-operative acted as a clearing house for the discounts received by members, which led to considerable administration costs.

Pricing problems

The link to world parity pricing became difficult to police after Heatane was sold to a private

company and the gas market was gradually deregulated.

In late 1993, an arrangement was made to have the discounts applied directly to the purchase price and a nominal administration fee was negotiated with the supplier, thus reducing the administrative burden.

It was also agreed to maintain the pricing link to the world parity price.

Concerns confirmed

After two years, however, the co-operative was concerned that the linkage was not being applied – particularly during low points in the season when competitive suppliers were often able to offer better deals.

A subsequent audit by an independent major accounting firm confirmed that the link with world parity and had been eroded by extended margins.

Today, the co-operative's members purchase more than 12 million litres of gas a year under the scheme and are confident they pay competitive prices.

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